

Railroad Retirement Survivor Benefits

Monthly benefits may be payable under the Railroad Retirement Act to the surviving widow(er), children and certain other dependents of a railroad employee if the employee was "insured" under that Act at the time of death. Lump-sum death benefits may also be payable to qualified survivors in some cases.

The following questions and answers describe the survivor benefits payable by the U.S. Railroad Retirement Board and their eligibility requirements.

1. How do railroad retirement survivor benefits compare to social security survivor benefits?

Most railroad retirement survivor benefits include a portion called a tier I amount, plus an additional tier II amount.

The survivor tier I amount is based on the deceased employee's combined railroad retirement and social security credits, and is computed using social security formulas. In general, the survivor tier I amount is equal to the amount of survivor benefits that would have been payable under social security.

Tier II is based on railroad retirement credits only and the survivor tier II amount is a percentage of the deceased employee's tier II amount. A widow(er) generally receives 50% of the employee's tier II amount, each child receives 15%, and each surviving parent receives 35%. The minimum total tier II amount payable to a family is 35% of the employee's tier II amount, and the maximum, 80%.

The average railroad retirement survivor benefit awarded at the end of fiscal year 1996 to aged and disabled widow(er)s was \$875 a month compared to about \$670 for widow(er)s covered by social security. Awards to younger widow(er)s with a child in care averaged about \$960 a month compared to \$490 under social security. Railroad retirement children's benefits averaged \$760 a month while social security children's benefits averaged about \$470.

In any case, a widow(er) who received a spouse annuity from the Board is guaranteed that the amount of any widow(er)'s benefit payable will never be less than the annuity she or he was receiving as a spouse in the month before the employee died.

2. What are the general service requirements for railroad retirement survivor benefits?

With the exception of one type of lump-sum death benefit, eligibility for survivor benefits depends on whether or not a deceased employee was "insured" under the Railroad Retirement Act. An employee is insured if he or she has at least 10 years of railroad service and a "current connection" with the railroad industry at the time of retirement or death.

Generally, an employee who worked for a railroad in at least 12 months in the 30 months immediately preceding the month his or her railroad retirement annuity begins will meet the current connection requirement. If an employee dies before retirement, railroad service in at least 12 months in the 30 months before death will meet the current connection requirement for the purpose of paying survivor benefits.

If an employee does not qualify on this basis, but has 12 months' service in an earlier 30-month period, he or she may still meet the current connection requirement. This alternative generally applies if the employee did not have any regular employment outside the railroad industry after the end of the last 30-month period which included such 12 months of railroad service and before the month the annuity begins or the date of death.

Full or part-time work for a nonrailroad employer in an interim between the end of the last 30-month period including 12 months of railroad service and the beginning date of an employee's annuity, or the date of death if earlier, can break a current connection.

In some cases, a current connection may be deemed for survivor benefit purposes for employees with 25 years of service who were involuntarily terminated without fault from the rail industry on or after October 1, 1975, and did not thereafter decline an offer of employment in the same class or craft in the rail industry, regardless of the distance to the new position.

Once a current connection is established at the time the railroad retirement annuity begins, an employee never loses it no matter what kind of work is performed thereafter.

3. What if these service requirements are not met?

If a deceased employee did not have an insured status, jurisdiction of any survivor benefits payable is transferred to the Social Security Administration and survivor benefits are paid by that agency instead of the Board. Regardless of which agency has jurisdiction, the deceased employee's railroad retirement and social security credits will be combined for benefit computation purposes.

4. What are the age requirements for widow(er)s?

Widow(er)s' benefits are payable at age 60 or over. They are payable at any age if the widow(er) is caring for an unmarried child of the deceased employee who is under age 18 or a disabled child of any age who became permanently disabled before age 22. Widow(er)s' benefits are also payable at ages 50-59 if the widow(er) is permanently disabled and unable to work in any regular employment. The disability must have begun within seven years after the employee's death, within seven years after the termination of an annuity based on caring for a child, or within seven years after the termination of an earlier entitlement to a disability annuity. A five-month waiting period is required after the onset of disability before disability payments can begin.

5. Can surviving divorced spouses and remarried widow(er)s also qualify for benefits?

Survivor benefits may also be payable to a surviving divorced spouse or remarried widow(er) under certain conditions, but benefits are limited to social security level tier I amounts and therefore are generally less than the total of the tier I and tier II benefit amounts otherwise payable by the Railroad Retirement Board.

A surviving divorced spouse may qualify if she or he was married to the employee for at least 10 years, is unmarried or remarried under the conditions described in the next paragraph, and is age 60 or older (age 50 if disabled). A surviving divorced spouse who is unmarried can qualify at any age if caring for the employee's child and the child is under age 16 or disabled, in which case the 10-year marriage requirement does not apply.

The tier I portion of a survivor benefit may be paid to a widow(er) or surviving divorced spouse who remarries after age 60, or to a disabled widow(er) or disabled surviving divorced spouse who remarries after age 50; however, remarriage prior to age 60 (or age 50 if disabled) would not prevent eligibility if that remarriage terminated. Such social security level benefits may also be paid to a younger widow(er) or surviving divorced spouse caring for the employee's child who is under age 16 or disabled, if the remarriage is to a person receiving railroad retirement or social security benefits or the remarriage ends.

6. When are survivor benefits payable to children and other dependents?

Monthly survivor benefits are payable to an unmarried child under age 18, and to a child age 18 in full-time attendance at an elementary or secondary school until the student attains age 19 or the end of the school term in progress when the student attains age 19. In most cases where a student attains age 19 during the school term, benefits are limited to the two months following the month age 19 is attained. An unmarried disabled child over age 18 may qualify if the child became totally and permanently disabled before age 22. A dependent grandchild meeting any of these requirements may also qualify if both the grandchild's parents are deceased or disabled.

Monthly survivor benefits are also payable to a surviving parent at age 60 who was dependent on the employee for at least half of the parent's support. If the employee was also survived by a widow, widower, surviving divorced spouse or child who can qualify for benefits, the parent's annuity is limited to the tier I amount.

7. Are survivor benefits subject to any reduction for early retirement or disability retirement?

A widow(er) or surviving divorced spouse caring for a minor or disabled child can receive benefits at any age without a reduction for early retirement. However, in other cases, a reduction for early retirement is made if the survivor retires before age 65. For widow(er)s retiring at age 60, benefits are reduced 17.1 percent. For a surviving divorced spouse or remarried widow(er), the reduction at age 60 would be 28.5 percent. For a disabled widow(er), disabled surviving divorced spouse or disabled remarried widow(er) the maximum reduction is also 28.5 percent, even if the benefit begins at age 50.

Beginning in the year 2000, the eligibility age for a full widow(er)'s benefit will gradually rise from age 65 until it reaches age 67 in the year 2022. The maximum reductions will ultimately be 20.36 percent for widow(er)s or 28.5 percent for surviving divorced spouses, remarried widow(er)s, disabled widow(er)s, disabled surviving divorced spouses and disabled remarried widow(er)s.

8. Are these benefits subject to offset for the receipt of other benefits?

Under the Railroad Retirement Act, the tier I portion of a survivor annuity is subject to reduction if any social security benefits are also payable, even if the social security benefit is based on the survivor's own earnings. This reduction follows the principles of social security law which, in effect, limit payment to the highest of any two or more benefits payable to an individual at one time.

The tier I portion of a widow(er)'s annuity may also be reduced for the receipt of any Federal, State or local government pension based on the widow(er)'s own earnings. The reduction does not apply if eligibility preceded certain dates, or if the employment on which the public pension is based was covered under social security as of the last day of the individual's employment. However, most military service pensions and payments from the Department of Veterans Affairs will not cause a reduction. For those subject to the public pension reduction, the tier I reduction is equal to 2/3 of the amount of the public pension.

A survivor annuitant should notify the Board promptly if she or he becomes entitled to any such benefits.

9. What if a widow(er) was also a railroad employee and is eligible for a railroad retirement employee annuity as well as monthly survivor benefits?

A special guaranty applies if either the deceased employee or the survivor annuitant completed 120 months of railroad service before 1975. In effect, the widow, or dependent

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widower, would receive both an employee annuity and a survivor benefit, without a full dual benefit reduction.

If either the deceased employee or the survivor annuitant had some service before 1975 but had not completed 120 months of railroad service before 1975, the employee annuity and the tier II portion of the survivor annuity would be payable to the widow(er). The tier I portion of the survivor annuity would be payable only to the extent that it exceeds the tier I portion of the employee annuity.

If both the widow or widow(er) and the deceased employee started railroad employment after 1974, the survivor annuity payable to the widow(er) is reduced by the amount of the employee annuity.

10. What types of lump-sum death benefits are payable under the Railroad Retirement Act?

There are two kinds of lump-sum death benefits payable in some cases to survivors.

A lump-sum death benefit for burial expenses is payable to certain survivors of an employee with 10 or more years of railroad service and a current connection with the railroad industry if no survivor is immediately eligible for a monthly benefit when the employee dies. If the employee had 10 years of service prior to 1975, this lump-sum death benefit is payable to the widow(er) if she or he were either living with or supported by the employee at the time of death, or if the employee were under a court order for support. Also, if such an employee was not survived by a qualified widow(er), the lump-sum may be paid to the funeral home or the payer of the funeral expenses, but the amount paid cannot exceed the actual costs involved. However, if the employee acquired his or her 10th year of service *after* 1974, the lump-sum may be paid *only* to the widow(er) living in the same household as the employee at the time of the employee's death.

The amount payable depends primarily on whether the deceased employee was credited with 10 years of service before 1975, in which case the average benefit is about \$850. If the employee completed 10 years of railroad service after 1974, the lump-sum benefit is almost always \$255.

Another death benefit, the residual lump-sum, is in effect, a refund of the employee's pre-1975 railroad retirement taxes plus an allowance in lieu of interest, but payable *only if, or to the extent that, certain benefit payments have not equaled the employee's pre-1975 payroll taxes*. This payment is not made as long as monthly benefits are payable either at the time of the employee's death or in the future. However, a widow(er) or parent under age 60 can waive rights to future monthly benefits in order to receive a residual payment. The average residual lump-sum paid in 1996 was about \$3,800.